



DEPARTMENT OF THE NAVY
HEADQUARTERS UNITED STATES MARINE CORPS
WASHINGTON, DC 20380-0001

MCO 4140.6
LMA-4-dt
7 Apr 1988

MARINE CORPS ORDER 4140.6

From: Commandant of the Marine Corps
To: Distribution List

Subj: Marine Corps Replenishment Parts Purchase or Borrow
(RPPOB) Program

Ref: (a) Public Law 98-525, Defense Procurement Reform Act
of 1984 of 19 Oct 84
(b) Defense Acquisition Regulation Supplement Number 6
(c) NAVCOMPT Manual vol 3

Encl: (1) DoDDir 4140.57
(2) Definitions
(3) Sample Bailment Agreement for Government Property
(4) Procedures

1. Purpose. To implement enclosure (1) and establish policy and guidance for the application of the RPPOB program within the Marine Corps.

2. Definitions. The terms used in this Order are defined in enclosure (2).

3. Background. Section 1216(a) of reference (a), as codified at title 10 USC 2320(d), states: "The Secretary of Defense shall establish programs which provide domestic business concerns an opportunity to purchase or borrow replenishment parts from the United States for the purpose of design replication or modification, to be used by such concerns in the submission of subsequent offers to sell the same or like parts to the United States..." The RPPOB Program was established to implement the requirements of this Public Law.

4. Policy

a. Only domestic businesses may participate in the RPPOB program.

b. Through the RPPOB program the Marine Corps shall make sample parts available to domestic businesses for the purpose of design replication, or modification, or development and submission of a data package to obtain approval to sell like replenishment parts to the Government.

c. To provide the maximum incentive for industry to participate in the RPPOB program, the Marine Corps shall assure

PCN 102 043905 00

all qualified companies are provided the opportunity to compete for parts they have made competitive under the RPPOB program. Accordingly, no part shall be procured under requirements so strict as to eliminate the firm that moved the part from noncompetitive to competitive status through a successful RPPOB action.

d. The Marine Corps shall make sample parts available to potential suppliers only when all of the following criterion are met:

(1) The part has limited or reduced sources for supply due to nonavailability of a technical data package (TDP), an incomplete TDP, or a TDP that contains limited rights data. Any technical data that contains limited rights shall not be released to potential suppliers.

(2) Potential life-cycle savings exceed the cost (including evaluation and testing) of making the part available. The economic evaluation phase of reference (b) shall be used to determine cost savings.

(3) Loaning, viewing, or selling of the part is not prevented by law; i.e., patent rights or security classification.

(4) Loan or sale of the part does not adversely affect or deplete required supply quantities.

(5) If the part is engineering critical or unstable, it may be made available only upon approval of the acquisition project officer for the end item.

(6) Once developed, the TDP for the part will not disclose critical military technology.

(7) A potential supplier may not borrow items under warranty. The Government will not sell items under warranty unless the same item not under warranty is not available. In the instance where a warranted item is sold, the warranty does not transfer with the sale. A warranted item shall not be precluded from being viewed.

e. The Marine Corps shall not bail or sell a part for the purpose of modification unless it meets the criteria of paragraph 4d, preceding, and the proposed modification will decrease life-cycle costs and/or improve performance, reliability, maintainability, interchangeability, product quality, safety, and/or productivity.

f. Business firms shall not subject a bailed part to destruction or irreversible disassembly. In lieu of lending, the Marine Corps activity may sell items requiring destruction or irreversible disassembly as part of the reverse engineering process.

7 Apr 1988

g. The business concern shall return each bailed part to the Marine Corps at the end of the bailment period, even if such part has been damaged or destroyed by the offeror during tear down, testing, or reassembly. In no event shall a business be permitted to retain a part lent under the bailment program.

h. Ongoing or planned spare parts procurement actions need not be delayed for the sole purpose of allowing potential suppliers to participate in the RPPOB program.

i. There are three methods that the Marine Corps may use to make parts available to the potential suppliers:

(1) Purchase of the part by the potential supplier. This is the preferred method since it minimizes the management and administrative impact of the Government. The cost of the part shall be the current standard price. As specified in paragraph 035960-035964 of reference (c), the potential supplier will also pay administrative and accessorial charges such as packing, crating, and handling costs. The potential supplier shall make payment prior to delivery of the material to the potential supplier. There is no limitation on the dollar value of parts that may be purchased; however, parts costing less than \$100 will almost always be sold rather than loaned.

(2) Bailment of parts to the potential supplier. A bailment agreement (enclosure (3)) shall be prepared and signed by both parties. The potential supplier shall be required to provide a security deposit per paragraph 032120 or bond per paragraph 032109 of reference (c) while the sample part(s) is (are) in his custody. The amount of the security deposit or bond shall equal the sum of the anticipated administrative and accessorial charges as specified in paragraphs 035960-035964 of reference (c), the anticipated cost to test and certify the item prior to the loan and/or upon the items return to the Government, and the part's standard price or the amount required by the bonding company when a bond is used.

(3) Viewing of the part. Potential suppliers may inspect parts for the purpose of familiarization. The parts will be displayed in Marine Corps-designated display areas. The Marine Corps will determine what parts are put on display. Viewing of a part is encouraged to eliminate unneeded purchase or bailment agreements.

j. Potential suppliers shall submit requests to purchase or borrow a part in writing to the Commanding General (CG), Marine Corps Logistics Base (MCLB), Albany, GA 31704-5000, and shall:

(1) State that the intent of purchasing or borrowing the part is for replication and/or modification and subsequent offer of sale of the item of supply replenishment parts to the Government.

(2) Specify the duration of time a borrowed part is required.

(3) Cite the national stock number of the desired part.

(4) Specify the improvement to be offered by any proposed modifications.

k. Purchase and borrow agreements with potential suppliers shall clearly indicate that material or information received under the RPPOB program is intended solely for the purpose of meeting U.S. Government requirements. Retransfer of the parts or technical data to other parties or firms within the United States or to foreign firms or governments is forbidden. The agreements shall also require prior approval of the contracting officer before the sale of any item produced from parts or data received under the RPPOB program to a non-U.S. Government entity.

1. Potential suppliers may retain for a specified period of time any TDP developed at their own expense as a result of a successful RPPOB effort. At the end of the specified period (normally 3 years or 3 subsequent buys of the replenishment part) the TDP shall be provided to the Marine Corps without charge and with unlimited rights.

5. Responsibilities

a. The Commanding General (CG), Marine Corps Research, Development, and Acquisition Command (MCRDAC) (PSI-L), is responsible for managing the Marine Corps RPPOB program. As such, this office shall:

(1) Provide planning, programming, and policy guidance for the RPPOB program.

(2) Promote and monitor the use of the RPPOB program.

(3) Evaluate the effectiveness of the RPPOB program by establishing Marine Corps wide objectives, monitoring progress against these objectives, and adjusting the program as required.

b. The CG MCLB Albany shall:

(1) Designate an office to operate the RPPOB program per this instruction and enclosure (4) and identify that office to the CG MCRDAC (PSI-L) within 60 days of the date of this Order.

(2) Initiate via the comptroller a special disbursing account to maintain security deposits from potential suppliers.

6. Reserve Applicability. The Order is applicable to the Marine Corps Reserve.



V. J. WALLS
Acting Deputy Chief of Staff
for Installations and Logistics

DISTRIBUTION: E plus 7000046, 160 (25)
7000014, 016, 078 (5)
7000034, 050 (2)

Copy to: 7000144/8145001



Department Of Defense
DIRECTIVE

MCO 4140.6
7 APRIL 1988

April 13, 1987
NUMBER 4140.57
USD (A)

SUBJECT: DoD Replenishment Parts Purchase or Borrow Program

- References:
- (a) Public Law 98-525, "Defense Procurement Reform Act of 1984," October 19, 1984
 - (b) Defense Acquisition Regulation Supplement Number 6
 - (c) DoD Directive 5230.25, "Withholding of Unclassified Technical Data From Public Disclosure," November 6, 1984
 - (d) DoD Directive 4245.8, "DoD Value Engineering Program," May 7, 1984
 - (e) through (g), see enclosure 1

A. PURPOSE

This Directive implements Section 1216(a) of reference (a), as codified at Title 10, U.S.C. 2320(d), by establishing the DoD Replenishment Parts Purchase or Borrow Program to provide domestic business concerns an opportunity to purchase or borrow replenishment parts from the Government for:

1. Design replication or modification.
2. Subsequent submission of offers to sell items of supply replenishment parts to the Government.
3. Enhancing competition and lowering costs by developing and locating alternative sources of supply and manufacturing.

B. APPLICABILITY

This Directive applies to the Office of the Secretary of Defense (OSD), the Military Departments, and the Defense Logistics Agency (DLA) (hereafter referred to collectively as "DoD Components").

C. DEFINITIONS

The terms used in this Directive are defined in enclosure 2.

D. POLICY

It is DoD policy to lower costs through competition and product simplification. Therefore, sample parts shall be made available to domestic business concerns when it is determined that such action is in the best interest of the Government. That determination shall include consideration for national security requirements, inventory needs, the probability of future purchases of parts, and any additional restrictions required by law.

1. Sample parts determination criteria follow:

a. The item managing activity may approve from potential suppliers to view or obtain sample parts on a bailment or purchase basis that meet all of the following criteria:

(1) The part has limited or reduced sources of supply due to the unavailability of the Technical Data Package (TDP), an incomplete TDP, or a TDP that contains limited rights data. Parts with TDPs containing partial data with limited rights may be used in the program if the Government does not release the limited rights data to potential suppliers.

(2) The annual buy value of the part exceeds \$10,000, as defined in Defense Acquisition Regulation Supplement Number 6 (reference (b)). The DoD Components may lower the dollar value to accommodate their program(s).

(3) Bailment or sale of the part shall not adversely affect or deplete required supply quantities.

(4) Potential life cycle cost savings exceed the cost (including evaluating and testing) of making the part available. The economic evaluation phase of reference (b) should be used to determine cost savings when feasible.

(5) Engineering critical or unstable parts, as defined in enclosure 2, shall be made available upon approval by the DoD Component that has technical cognizance of the part.

(6) A part whose TDP, once developed, would not disclose critical technology with military or space applications. This determination shall be made in accordance with the provisions of DoD Directive 5230.25 (reference (c)).

b. Before the bailment or sale of a part for the purpose of modification, DoD Components shall consider the following:

(1) If the proposed modification will improve performance, reliability, maintainability, interchangeability, product quality, safety, productivity, or decrease life cycle costs.

(2) The probability of future purchases of the proposed improved part.

(3) If the proposed modification is, or should be, considered under the existing DoD Value Engineering Program under DoD Directive 4245.8 (reference (d)), or other in-house product improvement, or preplanned product-improvement program.

2. No domestic business concern shall be denied the opportunity to participate in the DoD Replenishment Parts Purchase or Borrow (DoD RPPOB) program if the DoD policy and procedures of this Directive are met. The availability of sample parts shall be limited to quantities adequate to meet the program's objectives. Controls shall be established in DoD Components to prevent exploitative ordering of sample parts and later depletion of DoD supply system stocks.

ENCLOSURE (1)

a. Alternate sources of supply may be developed through this program when appropriate under the Federal Acquisition Regulation, Subpart 6.202 (reference (e)) and DoD Directive 4245.9 (reference (f)).

b. The DoD Components need not delay ongoing or planned purchase actions of spare parts only to allow potential suppliers to participate in the program.

c. Government inspection of parts for compliance to performance criteria, based on existing technical data, shall be conducted, when appropriate, before the bailment or sale of parts to potential suppliers.

E. RESPONSIBILITIES

1. The Assistant Secretary of Defense (Acquisition and Logistics) (ASD (A&L)) shall exercise authority for direction and management of the DoD RPPOB program.

2. The Assistant Secretary of Defense (Comptroller) (ASD(C)) shall establish pricing policies and procedures to facilitate the uniform implementation of this Directive.

3. The Deputy Assistant Secretary of Defense (Production Support) (DASD(PS)) shall exercise overall administrative control of the DoD RPPOB program through the ASD(A&L) Standardization and Data Management (SDM) Office. That control includes the establishment and maintenance of DoD implementing regulations.

4. The Secretaries of the Military Departments and the Director of the Defense Logistics Agency (DLA) shall ensure that their respective activities comply with the provisions the DoD RPPOB program to include:

a. Implementation of a DoD RPPOB program consistent with the requirements of this Directive.

b. The designation of a Central Command Office that shall communicate policy, monitor efforts and achievements, and provide surveillance over implementation of this Directive. Each Military Department and Agency is encouraged to establish its focal point within the Competition Advocacy or ensure close coordination with same.

F. PROCEDURES

1. There are three methods that may be used to make parts available to the potential suppliers. Methods that may be utilized are as follows:

a. Direct purchase of the part by the potential supplier. This is the preferred method as it minimizes the management and administrative impact to the Government. Pricing policies for this method shall be in accordance with Chapter 26 (reimbursements) of the Department of Defense Accounting Manual (reference (g)).

b. Bailment of the part to the potential supplier. A bailment agreement shall be prepared with the provisions agreed upon by both parties. Bailed parts shall not be subjected to destruction or irreversible disassembly. Bailed

ENCLOSURE (1)

parts shall not be loaned to potential suppliers unless such parts can be reinspected and validated by the Government. Bailments shall be assessed costs in accordance with Chapter 26 (reimbursements) of DoD 7220.9-M (reference (g)).

c. Inspecting the part. Potential suppliers may inspect parts for the purpose of familiarization in Government-designated display areas. The parts displayed shall be those determined by the Government.

2. Requests from potential suppliers to purchase or borrow parts shall be in writing and shall:

a. Be from domestic business concerns as defined in enclosure 2.

b. State that the intent of purchasing or borrowing the part is for replication and/or modification and subsequent offer of sale of item of supply replenishment parts to the Government.

c. Specify duration of time a borrowed part is required.

d. Cite the National Stock Number (NSN) of the desired part.

e. Specify the improvement to be offered by a proposed modification.

3. Agreements with domestic U.S. contractors shall clearly indicate that materiel or information received under the DoD replenishment program is intended solely for the purpose of meeting U.S. Government requirements. Retransfer of the parts or technical data to other parties or firms within the United States or to foreign firms or governments is not authorized. Agreements shall require prior approval of the contracting officer before the sale of any item produced from parts or data received under this program to a non-U.S. Government entity.

G. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Each of the Services and the Defense Logistics Agency shall forward one copy of implementing documents to the Assistant Secretary of Defense (Acquisition and Logistics) within 120 days.

William H. Taft, IV
Deputy Secretary of Defense

Enclosures - 2
1. References
2. Definitions

ENCLOSURE (1)

REFERENCES (continued)

- (e) Federal Acquisition Regulation
- (f) DoD Directive 4245.9, "Competitive Acquisitions,"
August 17, 1984
- (g) DoD 7220.9-M, "Department of Defense Accounting Manual,"
October 1983, authorized by DoD Instruction 7220.9,
October 22, 1981

ENCLOSURE (1)

DEFINITIONS

1. Bailment. The process whereby a part is provided to a recipient with the agreement that the part will be returned at an appointed time.
2. Domestic Business Concern. A business concern having its principal place of business in the United States or its territories and possessions.
3. Engineering Critical Part. A part so crucial that independent malfunction or failure could be catastrophic and result in personal injury or loss of life, jeopardize a military mission, or loss of a military weapon system or equipment. Engineering critical parts require special documentation, controls, and testing beyond normal requirements.
4. Item of Production. Those pieces or objects grouped within a manufacturer's identifying number and conforming to the same engineering drawings, specifications, and inspection.
5. Item of Supply. A single item of production, or two or more items of production that are functionally interchangeable or that may be substituted for the same purpose and that are comparable in terms of use.
6. Modification. A Government-approved change in the configuration of a part or item that offers a significant benefit to the Government by correcting deficiencies, satisfying a change in operational or logistic support requirements, or effecting a substantial life cycle cost savings.
7. Replenishment Part. A repairable or consumable part, required to resupply initial stockage or increased stockage for reasons other than support of newly fielded end items. Subassemblies, components, and subsystems are included.
8. Sample. An item of production owned by a DoD Service/Agency that meets the item of supply concept for a specified replenishment part.
9. Technical Data Package (TDP). A technical description of an item adequate for acquisition and engineering support. The description defines the required design configuration and ensures adequacy of item performance. A TDP consists of all applicable technical data such as plans, drawings, and associated lists, specifications, standards, models, performance requirements, quality assurance provisions, and packaging data.
10. Unstable Part. The design of a part is considered to be unstable if its engineering, manufacturing, or performance characteristics (or those of the component for which it is a part) indicate that the required design objectives have not been achieved; and major changes are contemplated to "input-output" or "form-fit-function" characteristics; and, these changes would render the part obsolete and unusable in the present configuration.

DEFINITIONS

1. Bailment Agreement. An agreement between the Government and contractor whereby the Government loans a sample item of supply to a contractor so that the borrower may perform reverse engineering or otherwise identify the sample item, thus enabling the borrower to bid on future competitive contracts.
2. Domestic Business Concern. A business concern having its principle place of business in the United States or its territories and possessions, or Canada.
3. Engineering Critical Part. A part so crucial that independent malfunction or failure could be catastrophic and result in personal injury or loss of life, jeopardize a military mission, or result in personnel injury or loss of a military weapon system or equipment. Engineering critical parts require special documentation, controls, and testing beyond normal requirements.
4. Item of Production. Those pieces or objects grouped within a manufacturer's identifying number and conforming to the same engineering drawings, specifications, and inspection.
5. Item of Supply. A single item of production, to two or more items or production that are functionally interchangeable or that may be substituted for the same purpose and that are comparable in terms of use.
6. Modification. A government-approved change in the configuration of a part or item which offers a significant benefit to the Government by correcting deficiencies, satisfying a change in operational or logistics support requirements, or effecting a substantial life cycle cost savings.
7. Potential Supplier. A domestic business concern who expresses interest in participating in the RPPOB program.
8. Replenishment Part. A reparable or consumable part, required to resupply initial stockage or increased stockage for reasons other than support of newly fielded end items. As used in this Order, the term "part" includes subassemblies, components, and subsystems.
9. Reverse Engineering. The process of examining a stock sample of an item to determine its function, material, composition, construction; its electrical, physical, and environmental requirements; and the development of a technical data package adequate for competitive procurement. Reverse engineering may be done in-house or by contractors.

ENCLOSURE (2)

10. Sample. An item of production owned by a Department of Defense (DoD) service/agency which meets the item of supply concept for a specified replenishment part.
11. Technical Data Package (TDP). A technical description of an item adequate for acquisition and engineering support. The description defines the required design configuration and ensures adequacy of item performance. A TDP consists of all applicable technical data such as plans, drawings and associated lists, specifications, standards, models, performance requirements, quality assurance provisions, and packaging data.
12. Unlimited Rights. Rights to use, duplicate, or disclose technical data or computer software in whole or in part, in any manner and for any purpose, and to have or permit others to do so.
13. Unstable Part. The design of a part is considered to be unstable if its engineering, manufacturing, or performance characteristics (or those of the components of which it is a part) indicate that the required design objectives have not been achieved; major changes are contemplated to "in-put/out-put" or "form-fit-function" characteristics; and these changes would render the part obsolete and unusable in the present configuration.
14. Value Engineering (VE). A sequential process for systematically analyzing areas of functional requirements of DoD systems, equipment, facilities, procedures, operations, maintenance, and materiel to achieve the essential functions at the lowest total cost of effective ownership, consistent with requirements for performance, reliability, quality, maintainability, and safety. Terms such as value analysis, value control, value improvement, and value management are synonymous with the term VE.
15. Life-Cycle Cost. Cost involved in the total life of the assembly, including maintenance and replacement costs, as well as cost of replenishment.

ENCLOSURE (2)

SAMPLE BAILMENT AGREEMENT FOR GOVERNMENT PROPERTY

LOAN/SALE AGREEMENT FOR GOVERNMENT PROPERTY	1. DATE OF AGREEMENT
--	----------------------

2. LOANED/SOLD BY (Name of activity)	3. LOANED/SOLD BY (Full name and business address of borrower)
---	--

4. The borrower/purchaser acknowledges the receipt of the following Government property in the condition noted below for use as a sample:

QUANTITY	ITEM DESCRIPTION	CONDITION CODE
----------	------------------	----------------

5. The borrower has pledged _____ dollars (\$ _____) payable to the Treasurer of the United States for the return of the Government property in the same condition as when loaned.

6. PROVISIONS OF LOAN AGREEMENT:

a. Title of the Government property shall remain in the Government unless property is purchased outright.

b. The contracting officer has determined that the borrower/purchaser is a prospective manufacturer or furnisher of supplies as described above and that the loan of the Government property to be used as a sample is necessary in the interest of national defense.

c. The borrower/purchaser upon conclusion of evaluation of the Government property, shall submit to the contracting officer a written report concerning his capability to manufacture or furnish the required item.

d. If borrowed, the borrower agrees to return this property in the same condition as when loaned, to (specify) _____ within ____ calendar days after its receipt.

ENCLOSURE (3)

e. Failure to comply with the foregoing provisions shall result in the forfeiture of the borrower's pledge unless a waiver has been requested by the borrower and granted by the contracting officer. Such forfeiture shall not relieve the borrower of his obligation to return the Government property to the activity specified in item 6d above.

7. SIGNATURE OF PERSON AUTHORIZED TO SIGN FOR
BORROWER/PURCHASER

7a. SIGNER'S NAME AND TITLE (typed or printed)

8. SIGNATURE (Contracting Officer)

CONDITION OF PROPERTY CODES (Use one alpha and one numeric code to describe condition)

N - New or Unused

E - Reconditioned

O - Usable without repairs

R - Repairs

1 - Excellent

2 - Good

3 - Fair

4 - Poor

ENCLOSURE (3)

PROCEDURES

1. To carry out the Marine Corps RPPOB program the following tasks must be accomplished:

a. Determine what parts are candidates for the program.

(1) The Marine Corps will determine which sample parts are eligible for reverse engineering under the RPPOB program, during the full screen breakout review performed per the Defense Acquisition Regulation Supplement 6. Items requested for RPPOB sale or bailment which have not undergone a full screen breakout review shall be expeditiously scheduled for a review (limited or full) to determine the items' eligibility for the RPPOB program.

(2) Once the breakout review process is completed and a part is determined eligible for the RPPOB program, the Marine Corps shall ensure all of the criteria listed in paragraphs 4d and 4e of this Order are met.

b. Ensure potential suppliers are eligible to participate in the RPPOB program.

(1) The potential supplier must submit, in writing, a request to buy or borrow an item. The written request must contain the information listed in paragraph 4i of this Order. If the potential supplier is requesting a part for the purpose of modification, the written request must specify that the proposed modification will improve the parts.

(2) The potential supplier must not be currently debarred, suspended, or otherwise prohibited from engaging in Government procurement.

(3) The potential supplier must demonstrate ability to duplicate the sample item. This demonstration may be accomplished by referencing past performance.

(4) The potential supplier must not have previously been awarded a contract to provide the requested item to the Government.

(5) The Marine Corps shall notify a potential supplier in writing if his request for bailment or purchase is denied or delayed.

c. The Marine Corps shall provide the potential suppliers the opportunity to view parts. After the Marine Corps determines that a part is suitable for the RPPOB program, potential suppliers may

ENCLOSURE (4)

examine parts for familiarization or to identify alternate or substitute parts. Viewing will also be permitted prior to a potential sale or loan so the potential supplier may determine whether it has the capability to reverse engineer the specific part. All viewing and examination will be in Marine Corps designated display areas.

d. Initiate Purchase or Borrow agreement.

(1) If it is determined that a part is suitable for sale or loan and that a potential supplier is eligible to receive the part, a bailment or sales agreement must be drawn up. Enclosure (3) to this Order is a sample of such an agreement. This agreement may be modified to include additional information the buyer may require; however any change standard must be reviewed by the Office of Counsel, MCLB Albany. In no case will a contractor's document/agreement be substituted in toto for the format in enclosure (3).

(2) The potential supplier is required to sign the bailment/sales agreement and submit a certified check payable to the "Treasurer of the United States" in the amount determined per paragraph 4i(1) or 4i(2), preceding, as appropriate.

(3) The potential supplier's check will be forwarded to the comptroller for deposit in the special account for bailed parts established per paragraph 5b(2) of this Order. When a part is sold, the sale shall be recorded Financial Inventory Report Code J7 (issue with reimbursement-case sale) and the check handled appropriately.

e. Once the potential supplier has signed and returned the bailment/sales agreement and his certified check has been received by the comptroller, the Marine Corps will supply him the appropriate parts in Condition Code "A" and a copy of all unclassified data associated with the part. The potential supplier will pay the transportation carrier directly for transportation costs to and from the Marine Corps storage site. All shipments shall be made by traceable means.

f. The Marine Corps will advise the business firm regarding the types and level of testing required before and after an item is provided as a sample and will arrange such testing with appropriate test facilities.

g. The Marine Corps will monitor all parts under bailment.

(1) The Marine Corps will maintain records at all times of any items lent under RPOB bailments, showing potential suppliers

ENCLOSURE (4)

having physical custody of the items as well as dates the items are scheduled to be returned to the Government.

(2) For inventory management purposes, items will be carried in Purpose Code "K" while on loan to a potential supplier.

h. The borrower must return parts in the same conditions as they were lent.

(1) If an item is returned in a lesser condition than when lent, the borrower will forfeit a portion of the security deposit equal to the amount required to restore the item to its original condition.

(2) If the item is damaged beyond economical repair, the borrower will forfeit the entire cost of the item.

(3) Items which require destruction or irreversible disassembly as part of the design replication process may not be lent to potential suppliers. Such items must be sold per paragraph 4f, preceding.

i. Determine whether it is in the Government's best interest to incorporate a potential supplier's prototype into an existing weapon system or subsystem for testing and will authorize such testing as appropriate.

ENCLOSURE (4)